

**STATEMENT OF
THE AMERICAN FARM BUREAU FEDERATION
TO THE
HOUSE AGRICULTURE COMMITTEE
SUBCOMMITTEE ON
CONSERVATION, CREDIT, RURAL DEVELOPMENT AND RESEARCH
REGARDING
CONSERVATION PROGRAMS
OF THE
FARM SECURITY AND RURAL INVESTMENT ACT OF 2002**

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**Presented By
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Mr. Chairman and members of the House Agriculture Committee, thank you for inviting the American Farm Bureau Federation to participate in the hearing today. I am Bob Stallman, president of the American Farm Bureau Federation, and it is my pleasure to provide testimony on the Conservation Programs of the Farm Security and Rural Investment Act of 2002.

Mr. Chairman, at the outset I want to underscore that conservation is a critical and enduring component of present and future U.S. farm policy. The commitments by agriculture to environmental protection and improvement are constantly being reshaped by dynamic forces and pressures at the local, state, national and international level. From local ordinances and lawsuits aimed at livestock farmers in a suburbanizing community, to state enforcement of Environmental Protection Agency air and water regulations, to international agreements that restrict the use of certain domestic support for agriculture, all have an impact on agricultural life, production and policy.

Conservation programs occupy an increasingly important role on the farm and in the formation of domestic and international agricultural policy as an effective means to cope with these outside forces. The historic voluntary, incentive-based approach to conservation in agriculture is workable, flexible and accepted by farmers. The growth of the conservation programs in the 2002 farm bill reflect the need and desire of the agriculture community to improve environmental protection, particularly on 'working lands,' in a manner that fits the conditions and needs of farming and ranching.

International trade issues and budget pressures may cause a future evaluation of the means of supporting agriculture. The conservation programs authorized under Title II of the farm bill, which fit within the 'green box' of the World Trade Organization Agriculture Agreement as non-trade distorting programs, are important to these policy considerations.

Environmental Quality Incentives Program

Farm Bureau strongly supports the Environmental Quality Incentives Program (EQIP) and the improvements to the program made by Congress in the 2002 farm bill. We believe EQIP should be available to all crop and livestock producers and provide compliance assistance with implementation of federal, state and local environmental laws.

We are concerned that the Natural Resources Conservation Services has not been monitoring EQIP projects or providing animal feeding operations with the assistance needed to meet their regulatory requirements. To highlight a specific concern, we are aware that EQIP provided \$483 million in assistance to all agricultural operations in FY03. Of the \$483 million, \$314 million was provided to livestock operations, of which, only \$105 million was expended to help animal feeding operations. This is a very troubling realization. If these numbers are correct, we believe this allocation within the livestock sector does not place enough emphasis on confined animal operations and their associated regulatory costs. The situation is particularly vexing because in promulgating the revised animal feeding operations permit rule in 2003, EPA in part, justified the heavy regulatory burden on producers by reference to EQIP funds available for producer assistance.

Of particular concern to Farm Bureau are the compliance needs of animal feeding operations in general and specifically to the disproportionate burden the regulations placed on small and medium sized operations. Without EQIP, many small and mid-sized operations are at risk of financial collapse or unable to implement regulatory compliance requirements in a timely manner. These small and mid-sized operations are critical to the rural economy and our overall agricultural infrastructure.

To overcome the problems associated with the lack of emphasis and funding for animal feeding operations we recommend that NRCS prioritize:

- EQIP contracts that are intended to help producers comply with local, state and federal regulations;
- Air quality and odor control practices; and
- Mobile equipment and manure transport practices.

With regard to the portion of EQIP funds that go to non-livestock operations, we recommend that further attention be brought to the opportunities that EQIP can play for specialty crops. These producers are generally outside the scope of the traditional farm bill programs and may be unfamiliar with conservation programs such as EQIP or the Conservation Security Program (CSP) and the opportunity that they provide to address environmental concerns.

Conservation Security Program

CSP is unique among USDA conservation programs because it encourages farmers and ranchers to adopt a comprehensive approach to conservation and rewards them for both maintaining sound conservation practices and adopting new ones on working agricultural lands. CSP will enable agricultural producers to deliver increased conservation and environmental benefits.

These benefits accrue from conserving and enhancing the broad range of resources involved in agriculture: soil, water, air, plants, animals and energy. As a voluntary program, CSP enables agricultural producers to adopt sound conservation and environmental practices and will help them to avoid additional regulations. Since CSP focuses on working land, it does not require removing land from production.

Bridging the gap between where we are now and where we want to be in the future requires an expanded public investment in agriculture. We believe the 2002 farm bill and CSP is just such a program. While we understand the initial reasoning for targeting watersheds, we contend that CSP should be available to all agricultural producers, rather than in only a few watersheds. We also believe that the final rule should reflect the mandatory status of the program. If CSP is implemented consistent with the law and congressional intent, it will deliver enormous environmental and economic dividends to agricultural producers, rural communities and all Americans. Farm Bureau sees broad support for CSP within agriculture and we look forward to its implementation as soon as possible.

Conservation Reserve Program

The Conservation Reserve Program (CRP) is a time-tested program that works well overall and has been very popular with farmers and ranchers. There are no major concerns with its current operation. Farm Bureau supports CRP because it provides incentives for reducing soil erosion, the enhancement of water and soil quality and additional wildlife habitat. Additionally, it recognizes the inherent value of private property and provides a steady income to participants who enroll in the program. In order to ensure that the rural and agricultural infrastructures are not hurt by even a slight increase in CRP acreage, we continue to oppose more than 25 percent of any county's acreage being included in a CRP contract, Conservation Reserve Enhancement Programs and all experimental pilot projects.

Wetlands Reserve Program

We support Wetlands Reserve Program (WRP) because it provides incentives for farmers and ranchers to restore and protect wetlands and allows individuals to be compensated for the inability to use their land as they wish. We are not aware of major problems with implementation of the WRP and believe that overall it has been satisfactory. President Bush recently noted the role that incentive-based programs such as the WRP played in achieving the goal of "no-net loss" of wetlands, and specifically lauded the response of farmers and ranchers to such approaches. We strongly agree that incentive-based programs are far preferable to regulatory control approaches. However looking ahead, we are troubled by the growing litigation and regulatory activity over wetland delineation outside of the farm bill program, specifically under the Clean Water Act. Farmers are increasingly concerned about becoming entangled in jurisdictional conflicts among federal agencies over what constitutes a wetland. With regard to the WRP, we recommend that prior to a landowner being allowed to place a parcel of land into the WRP, the adjoining landowners should be notified and assured that they will not be affected by any changes in drainage patterns. We have seen first-hand instances where a landowner's participation in the WRP has altered the drainage on adjacent farmland and resulted in wetland violations and land-use restrictions.

Technical Assistance Funding

We are extremely concerned about the ongoing shortfall of technical assistance funding for the CRP and the WRP. These shortfalls will result in a substantial cut in funding for EQIP and other conservation programs in order to deliver CRP and WRP. This comes at a time when EQIP has a significant application backlog. We believe every program must cover its own technical assistance delivery costs. In the case of CRP and WRP, the Agriculture Department should calculate the delivery cost of program enrollment. Acres available for an enrollment should be reduced to the level necessary to fund technical assistance to cover program delivery costs. We are not suggesting a reduction in the statutory cap of 39.2 million acres. CRP has never been fully enrolled and WRP yearly acreages have varied. These programs and their goals should not be sacrificed or jeopardized in any way. In this manner the programs could cover their own costs without incurring additional budget obligations or taxing other programs. The integrity of the 2002 farm bill is critical. Farm Bureau supports full funding of the farm bill and opposes any action that upsets the financial balance.

Conservation Program Delivery and Implementation

Farm Bureau advocated for increased conservation funding and technical assistance in the 2002 farm bill. Conservation has increasingly become a priority for farmers and ranchers as the pressure of local, state and federal environmental regulation has increased. Conservation cost-share and incentives are essential to assist producers in addressing public concerns relating to the environment.

Conservation planners are confronted with overlapping issues of endangered species and wildlife management, wetlands protection, nutrient management, air quality regulation, integrated pest management and water quality issues, in addition to soil erosion. We can expect planning challenges to increase as the complexity of environmental regulation grows. President Bush has been a strong advocate of incentive-based solutions. If the farm bill conservation programs are to be successful, adequate technical assistance will be key. USDA must be able to demonstrate that voluntary, incentive-based conservation programs can be successful in addressing environmental issues and serve as an alternative to a more costly and burdensome regulatory approach.

Technical Service Providers

It is critical that NRCS maintain necessary career manpower resources for program delivery. Notwithstanding, it will be necessary to utilize technical service providers to supplement those resources. Farm Bureau supports the use of third-party technical service providers to ensure adequate delivery of needed services. We recognize the challenges NRCS faces with limited government manpower for program delivery. The situation is compounded by the increasing regulation of agricultural production, which has made conservation planning significantly more complex and time-consuming.

We have concerns regarding implementation of the technical service provider program.

- The confidentiality of information provided to technical service providers must be protected. Farmers and ranchers are increasingly concerned regarding the misuse of information provided as part of program participation. Outside agencies have attempted to use program information for regulatory and other purposes. The farm bill specifically exempted such information from distribution to other agencies of government and from disclosure under the Freedom of Information Act. This protection must be extended to information made available to third party technical service providers. NRCS must work to assure that third-party contractors are subject to stringent confidentiality requirements. NRCS should explore all means available for accomplishing this goal; including making it a condition of certification and offering standardized contracting language.
- Technical service providers must be bonded and have appropriate liability insurance. Bonding and insurance will be important to producers to assure that they are protected and not liable for inferior planning and services. We have been made aware that in some states liability insurance may not be available for some practices or is cost-prohibitive. NRCS should review bonding and insurance issues on a state-by-state basis to assess availability. Lack of insurance coverage could create a shortfall for technical service providers and hamper program delivery. NRCS should consider a means for providing liability insurance for service providers.
- Payment rates for technical service providers should be based on NRCS' cost of service. When calculating cost of service, the rate should be based on actual NRCS cost. The calculation of actual cost must include all costs (insurance/liability, office/administrative, etc.)
- The regulations lay out a complex system through which producers can utilize third-party technical service providers. Errors in timing and contracting procedures could result in producers not being reimbursed for planning costs. It is essential that NRCS produce a step-by-step procedure guide for producers planning to use technical service providers.
- Training and certification should be coordinated between states allowing technical service providers to operate on a multi-state basis. It will also be important to establish clear certification requirements for EQIP planning, recognizing that planning may also be utilized to satisfy Concentrated Animal Feeding Operation obligations.

Conclusion

We appreciate the opportunity to offer these perspectives on the conservation programs of the Farm Security and Rural Investment Act of 2002. These programs provide great opportunity to agricultural producers and great benefit to the non-farm public. We recognize the past accomplishments, present needs and future promise of our conservation programs as a vital part of U.S. agricultural production.